

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE ADAIR COUNTY)	
WATER DISTRICT, A WATER DISTRICT)	
ORGANIZED PURSUANT TO CHAPTER 74 OF THE)	
KENTUCKY REVISED STATUTES, IN ADAIR)	
COUNTY, KENTUCKY, FOR (1) A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	
AUTHORIZING AND PERMITTING SAID ADAIR)	
COUNTY WATER DISTRICT TO CONSTRUCT)	CASE NO.
WATER DISTRIBUTION SYSTEM)	2002-00237
IMPROVEMENTS, CONSISTING OF THE)	
CONSTRUCTION OF EXTENSIONS, ADDITIONS)	
AND IMPROVEMENTS TO THE DISTRICT S)	
WATER SYSTEM, AND (2) THE APPROVAL OF)	
THE PROPOSED PLAN OF FINANCING SAID)	
IMPROVEMENTS)	

O R D E R

On June 17, 2002, Adair County Water District (Adair District) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,487,000 water system expansion project. The project, Phase 4, Contract 13, Countywide Water System Extensions, consists of the installation of approximately 252,000 linear feet of 8-inch, 4-inch, and 3-inch PVC water service lines and related appurtenances. Adair District proposes to finance the construction of the project through:

- The issuance of its Water Revenue Bonds in the amount of \$627,000, Series of 2002 at an interest rate not exceeding 4.50 percent per annum, through the U.S. Department of Agriculture, Rural Development (the USDARD).

- A USDARD grant in the amount of \$500,000.
- An Appalachian Regional Commission (ARC) grant in the amount of \$300,000.
- An Applicant contribution in the amount of \$60,000.

Adair District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on June 17, 2002, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Adair District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Adair District's proposed plan of financing with USDARD is accepted.
3. Adair District is authorized to issue bonds not to exceed \$627,000.
4. Adair District shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
5. Adair District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

6. Three years from the effective date of this Order, Adair District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the existing water rates are sufficient to meet its operating expenses and annual debt service requirements.

7. Adair District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Adair District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 15th day of July, 2002.

By the Commission

ATTEST:


Executive Director